BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA DEPARTMENT OF INSURANCE,	)	
PETITIONER,	)	CONSENT ORDER
VS.	)	
AETNA LIFE INSURANCE COMPANY,	)	CAUSE NO. C-1867
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Michael C. Boyd and Aetna Life Insurance Company, ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §44-101.01, §44-303 and §44-1536 et seq and Title 210 NAC Chapter 61.

2. Respondent is a Connecticut domiciled insurer licensed to conduct business in Nebraska as a foreign insurer at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Aetna Life Insurance Company, Cause Number C-1867 on November 23, 2010. A copy of the petition was served upon the Respondent's agent for service of process, CT Corporation System 1024 K Street, Suite 500, Lincoln, NE 68508 by certified mail, return receipt requested.

2. Respondent violated Neb. Rev. Stat. §§44-1539, 44-1540(13), and Title 210 NAC Chapter 61 §008.01 as a result of the following conduct:

a. On April 3, 2008, an individual, R.S. (hereinafter "Insured"), and her spouse applied for enrollment in an Aetna Individual Advantage Preferred Provider Option-Nebraska Plan that is a Limited Medical Expense Insurance Policy #GR-11741-LME which, upon completion of its underwriting of the policy application, was issued by Respondent with an effective date of June 1, 2008. (It was written as a replacement of Insured and her husband's then current health insurance policy with another insurer that she understood would have "comparable" coverage with a lower premium.)

b. During the period from June 2, 2008 through April 9, 2009, Insured incurred medical services involving office visits, diagnostic x-rays and laboratory services, outpatient hospital and physician services for diagnosis and treatment of a heart condition.

c. Over the period of time wherein the Respondent received the Insured's claims for the medical services incurred as referenced in subparagraph 5b above, Respondent processed those claims. Although Respondent did allow benefits or applied amounts to the policy deductible for certain medical services incurred by the Insured, the majority of her medical services expenses incurred were denied by the Respondent.

d. Insured filed a complaint with the Nebraska Department of Insurance regarding Respondent's denials of some of her medical claims as noted in subparagraph 5c above. Pursuant to the complaint received, Scott Zager ("Zager"), an insurance investigator with the Department's Consumer Affairs Division, sent an inquiry letter on or about April 3, 2009 to Respondent concerning its handling of the Insured's claims, including the denial reasoning in their handling of the claim. On April 24, 2009, the Respondent replied to Zager's inquiry and enclosed a claim spreadsheet that included Insured's claims and brief notes on the claim denials involved.

e. On April 30, 2009, Zager sent a follow up letter to Respondent advising that the claim denial reasons shown on the spreadsheet weren't clear, and requesting copies of the actual Explanation of Benefits (EOBs) specifying the precise policy provision used as the basis for each denied claim expense. On May 21, 2009, Respondent replied to Zager's follow up letter and included copies of the EOBs regarding Insured's claims denials. The claim denial EOBs, except in one claim expense, listed the reason for the claim denials as: "Your plan benefits do not cover all services. The service noted is not covered. Please read your plan booklet for details."

f. On May 22, 2009, Zager sent a further follow up letter to Respondent noting that its claims denial EOBs on Insured's claims expenses do not cite a specific policy

provision, but merely indicate (as noted in subparagraph 5e above) that the various medical services are "not covered", and requested how these non-specific claim denials comply with Nebraska's Chapter 61 ("Unfair Life, Sickness and Accident Claims Settlement Practices Rule") requirement that claim expense denials reference the specific policy provision. On June 26, 2009, Respondent replied to Zager's letter by noting that with respect to compliance with Chapter 61 requirements, since Respondent's electronic claim system is limited in the number of unique remarks it could support, it designed the EOB to direct the member (in this case the Insured) to reference the provisions of their insurance plan. (Of interest regarding this claimed reason for Respondent's non-specific claim denial "not covered" usage is that on a July 8, 2008 medical expense that Insured submitted, Respondent provided the following specific EOB claim denial: "Charges for or in connection with services or supplies that are, as determined by Aetna, considered to be experimental or investigational are excluded from coverage under your plan. You are not responsible for this charge unless you agreed in writing to be responsible for the charge before the service was given. The amount shown as the amount this provider may bill you will be higher if you agreed to be responsible.")

g. On June 29, 2009, Zager sent a further follow up letter to Respondent noting that its June 26, 2009 letter explains why Respondent's claim denial EOBs do not cite specific policy provisions as required by Nebraska's Chapter 61 ("Unfair Life, Sickness and Accident Claims Settlement Practices Rule") rather than how the Respondent complies with that insurance regulation. He also requested Respondent identify the number of EOBs issued to Nebraska insureds using this "not covered" non-specific claim denial.

h. On July 24, 2009, Respondent wrote back to Zager reiterating, as they had previously advised in their June 26, 2009 response, that their "not covered" EOB complied with Chapter 61 as it is intended to direct the member (in this case the Insured) to reference their plan booklet which contains the limitations and exclusions of their plan. They further note that the EOB directs claimants to make inquiries to Respondent's Customer Service area and provides required appeal rights, and **"as part of our Level One appeal review, we provide the specific provision on which the denial is based."** (Emphasis added). The Respondent did note that their "not covered" EOB denial language could be improved; and has subsequently taken steps to do so. Respondent later reported to the Department that it had used the "not covered" EOB as reason for denial on 721 claims in the State of Nebraska during the period between June 30, 2007 and July 1, 2009.

i. By its submitted responses noted above in subparagraph 5f and subparagraph 5h, Respondent in effect admitted that it had denied claims or a portion thereof, not only submitted by the Insured but by other Nebraska claimants as well, on the grounds of a specific policy provision, condition or exclusion without including reference to such specific policy provision, condition or exclusion in its denial; and further that such denials were not given with a reasonable and accurate explanation.

3. Respondent was informed of their right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving their right to a public hearing, Respondent also waives their right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations contained stated in Paragraph #2 above.

CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes violations of Neb. Rev. Stat. §§44-1539, 44-1540(13) and Title 210 NAC Chapter 61 §008.01.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, Aetna Life Insurance Company, that they shall pay an administrative fine of $18,025. The fine shall be paid in total within thirty days after the Director of the Department of Insurance affixes his signature to this document and approves said consent agreement. The Department of Insurance will continue to retain jurisdiction over this matter and shall prosecute any other violations for failure to comply with this Consent Order.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signature below.

Michael C. Boyd
Attorney for Petitioner
941 O Street, Suite 400
Lincoln, NE 68508
(402) 471-2201

12-23-2010
Date

Aetna Life Insurance Company,
Respondent

By: Gregory S. Martino

12-16-10
Date

State of Pennsylvania)
) ss.
County of Montgomery)

On this 16th day of December, 2010, an authorized representative of Aetna Life Insurance Company personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
PAMELA L. DAVIS, Notary Public
Whitpain Twp., Montgomery County
My Commission Expires May 6, 2014

Pamela L Davis
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Aetna Life Insurance Company, Cause No. C-1867.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Bruce R. Ramge
BRUCE R. RAMGE
Director of Insurance

12-23-2014
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at 151 Farmington Avenue, Hartford, CT 06156-7003 by certified mail, return receipt requested on this 29th day of ~~January, 2011~~ December 10.

Tracy A. Fisher